

MARSHFIELD - HOUSING OPPORTUNITY PURCHASE PROGRAM

GUIDELINES AND APPLICATION

The Marshfield Housing Partnership is making up to \$225,000 in down payment funds available to assist income-eligible first-time homebuyers to purchase single-family homes or condominiums in Marshfield.

Maximum Grant Amount

1BR - \$45,000

2BR - \$60,000

3BR - \$75,000

Current Maximum Annual Household Income*

1 person	2 person	3 person	4 person	5 person	6 person
\$46,300	\$52,950	\$59,550	\$66,150	\$71,450	\$76,750

*Subject to periodic change by the U.S. Department of Housing and Community Development

Maximum Condo/House Price

1BR Condo	\$165,000 sale price	(\$120,000 net price to you after the grant is used)
2BR Condo	\$196,000 sale price	(\$136,000 net price to you after the grant is used)
2BR House	\$229,000 sale price	(\$169,000 net price to you after the grant is used)
3BR Condo	\$235,000 sale price	(\$160,000 net price to you after the grant is used)
3BR House	\$262,500 sale price	(\$187,500 net price to you after the grant is used)

BUYING A HOME IS AS EASY AS A-B-C

A. APPLY

- Read the guidelines to see if you are eligible and attend an informational session. Call the Marshfield Housing Coordinator at 781-834-1051 if you have any questions.
- Get a pre-approval letter from a lender.
- Complete and submit the application.

B. BE SELECTED

- Applicants will be drawn in a lottery held on <DATE>
- Winning applicants will be required to:
 1. Submit detailed income and asset documentation for final determination of eligibility.
 2. Successfully complete a Homeownership Education Workshop.

C. COMMENCE YOUR HOUSING SEARCH

- Find a qualified home in Marshfield.
- The grant money will be available at the closing.

GUIDELINES

- Participants must be first-time homebuyers as defined by the Massachusetts Department of Housing and Community Development (DHCD). You must not have owned a home in the past three years or meet one of the following exceptions:
 1. an individual who is an adult, who has owned a home only with a spouse, who is legally separated from a spouse, and who does not currently own the home previously owned with a spouse;
 2. a household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations;
 3. a household that owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure; or
 4. a household in which at least one member is age 55 or older.
- No offer to purchase real estate may include a first right of refusal.
- The grant can only be used to purchase a house or condo unit in Marshfield that is not already included or eligible for inclusion on the Subsidized Housing Inventory, except for units on which the affordability restrictions are not in perpetuity may be purchased utilizing a grant from this program. The grant will be the lesser of 35% of the sale price or the applicable maximum shown above.
- The combined household annual income of all occupants of the unit must be at or below 80% of median income to qualify for the new home. Annual income will be determined in accordance with US Department of Housing and Urban Development regulations found at 24 Code of Federal Regulations 5.609 – Annual Income. The combined net family assets of all occupants of the unit shall not exceed \$50,000. More detail on annual income and net family assets is attached and labeled as ***Attachment 1: Income and Assets***.
- All are welcome and encouraged to apply; you **do not** have to be a resident of Marshfield. If there are more applicants than funds available, applicants will be chosen using a lottery process described in greater detail in the ***Get Selected*** section below.
- Seven out of every ten awards will be chosen from a Local Preference Pool. A local resident is a household which at the time of application and at the time of final determination of eligibility and qualification includes one or more members who (a) have their principal residence in Marshfield, (b) are the parents/step-parents, or child/step-child of someone who has their principal residence in Marshfield, or (c) are employees of the Town of Marshfield, such as teachers, firefighters, police officers, librarians, or employees of businesses located in Marshfield. In compliance with DHCD guidelines, the Local Preference Pool is subject to the addition of non-resident minorities under certain circumstances.

- The size of the grant will be determined by the unit size that the applicant requests. Unit size requests must comply with the Local Initiative Program (LIP) Guidelines: 1) at least one occupant and no more than two occupants per bedroom; 2) a husband and wife, or those in a similar living arrangement, shall be required to share a bedroom unless reliable medical documentation is provided that sharing would result in a severe adverse impact on one of the participants mental or physical health; and 3) other household members may share but shall not be required to share a bedroom.
- Participants will be required to sign and record the Affordable Housing Restriction found in Attachment 2, which will become part of their deed in perpetuity (often referred to as the “Deed Rider”). Please read the entire **Attachment 2** for additional detail as the bullet points below are intended as a summary.

The Affordable Housing Restriction/Deed Rider will affect:

1. How much you can sell your property for – the resale price will be determined by a formula based on median income as set forth in the deed rider;
2. Who you can sell it to – another income-eligible first-time homebuyer;
3. How you must sell the unit – you must notify the Monitoring Agent and follow the procedure described in the Affordable Housing Restriction/Deed Rider;
4. Who may live there – the participant must live in the property and it must be their principal residence. Participants would have to request permission from the Monitoring Agent should they wish to rent the unit. Such permission is typically granted only for a limited period of time and only under unusual circumstances;
5. Refinancing – participants would have to request permission from the Monitoring Agent to refinance a first mortgage, take out a second mortgage or add an equity line of credit. Such permission is typically granted only if the terms of the mortgage are consistent with Local Initiative Program guidelines and the loan to value ratio of all mortgages on the property does not exceed 95% of the resale price.

Resale price example - if you purchase a 2BR condo for \$160,000 with a \$60,000 grant, the net price to you is \$100,000. If you decide to sell in five years and in that time median income has gone up by 10%; you will be able to sell your unit for \$110,000 plus the resale fee and pre-approved capital improvements as set forth in the deed rider.

- Participants must provide a minimum of a 3% downpayment of net sale price, i.e. the sale price less the amount of the Housing Opportunity Purchase Program (HOPP) Grant; at least half of the downpayment must come from the buyer’s own funds.
- Non-household members are not permitted as co-signers of the mortgage.
- Homes purchased through this program must be the domicile and principal residence of the applicant.
- At least one member of the applicant household must complete a Homebuyer Education Workshop as described in the **Be Selected** section below.

- Applicants must be able to obtain a loan that meets these minimum standards:
 1. The loan must have a fixed interest rate through the full term of the mortgage;
 2. The loan must have a current fair market interest rate defined as no more than 2 percentage points above the current MassHousing rate (visit www.masshousing.com or call 617-854-1000 for rate information);
 3. The loan can have no more than 2 points; and
 4. The total housing payment (principle, interest, taxes, mortgage insurance, condo fee and property insurance) must not exceed 38% of applicant income.
- The Housing Opportunity Purchase Program is intended to meet the requirements of the Local Initiative Program, and units the purchase of which is assisted by the program are intended to qualify for inclusion on the Subsidized Housing Inventory.

STEP 1 - APPLY

The Marshfield Housing Partnership and the Marshfield Housing Authority will sponsor two **Information Sessions** to present information on the application and selection process and answer questions. Representatives from participating banks will also be available to provide information on financing and answer questions concerning mortgage requirements.

Two Informational Sessions will be held:

**DATE PLACE: February 9, 2008, 10:00 MA: Marshfield Town Hall, Hearing Room #2,
870 Moraine Street, Marshfield, MA**

**DATE PLACE: February 12, 2008, 7:00 PM: Martinson Elementary School Auditorium
257 Forest Street, Marshfield, MA**

Call the Marshfield Housing Authority at 781-834-4333 to register for a session. Directions to the sessions are included in *Attachment 3: Information Session and Homebuyer Workshop Schedule*.

The Marshfield Housing Partnership is the program manager and the Marshfield Housing Authority is the lottery agent. **All applications must be received and date stamped by the Marshfield Housing Authority no later than 4:00 PM on February 29, 2008.**

**Marshfield Housing Authority
12 Tea Rock Gardens
Marshfield, MA 02050**

The following required forms and documentation must be sent or delivered to the Marshfield Housing Authority as part of your application package:

- ***Attachment 4: Application;***

- A mortgage pre-approval commitment letter will be required to participate in this lottery. The pre-approval commitment letter must be based on your credit score and current financial situation and **MUST** be from a bank or credit union and received with your application before the application deadline. A pre-approval commitment letter from a mortgage company or an online letter will **NOT** be accepted. The following local lenders have been briefed on the program and understand what is required:
 - Eastern Bank, Beth Murphy, 508-833-8997
 - Rockland Trust Company, Sara Martin Brooks, 781-837-5025
 - Scituate Federal Savings Bank, Steve Amico, 781-834-2100 ext. 20
 - Sovereign Bank, Julie Beuttel, 781-837-4476
 - Citizens Bank, Stacy Coolidge, 781-837,2908
 - Bank of America, Margaret Davidson, 781-834-0637
 - Rockland Federal Credit Union, Mark Kitchen, 781-878-0232 ext 135
- Documentation of local preference:
 1. To document residency - two most recent consecutive bills from one utility -electric, gas, cable, internet, water or telephone land line- noting name & Marshfield address; if there are no utility bills, then provide a Mass Drivers License plus a copy of a signed lease w/ cancelled checks to the owner of the property
 2. To document a family relationship – residency documentation as above for the Marshfield resident plus birth or adoption certificates
 3. To document local employment – a pay statement from the Town of Marshfield or from a Marshfield employer.

STEP 2 – BE SELECTED

The Marshfield Housing Authority will review all applications and determine eligibility to participate in the program. If there are more applicants than the available funding, the grants will be awarded using a lottery system. All those who qualify will be eligible to participate in and be notified of the lottery drawing.

Lottery Process

There will be two pools of applicants for the grants: Local Preference Pool and Everybody Pool. Those applicants who qualify for local preference will be entered into both pools. If the Local Preference Pool does not contain a minimum of 20.7% minority applicants, then a lottery among non-local minority applicants will be held and those selected will be added to the Local Preference Pool until 20.7% is achieved. As its name implies, all qualified applicants will be entered into the Everybody Pool. Through a lottery system, all applicants in each pool will be selected and each will be assigned a number in the order their names are drawn. State regulations allow local preference for a maximum of 70% of the units. This program will meet this standard by selecting 7 of every 10 grants from the Local Preference Pool in the following manner:

1st – Local Preference Pool
2nd – Local Preference Pool
3rd – Everybody Pool
4th – Local Preference Pool
5th – Local Preference Pool

6th – Everybody Pool
7th – Local Preference Pool
8th – Local Preference Pool
9th – Everybody Pool
10th – Local Preference Pool

The initial funding of \$225,000 is sufficient to make a minimum of 3 awards and a maximum of 5 awards. If there are future funding rounds, the drawing will start with the next pool in the sequence. For example, if four awards are made (selected in the order of Local, Local, Everybody, Local), the next five awards would be Local, Everybody, Local, Local, Everybody.

All other applicants will be designated as Alternates in the order of priority that they were drawn in the lottery. Should any Grant Winner be unable to find and close on a home within the time required by the program, the next highest ranking Alternate from the same pool will be offered the grant. If the returned grant is for a larger unit than the next highest ranking Alternate qualifies for, the grant will be reduced accordingly. If the returned grant is smaller than the next highest ranking Alternate qualifies for, the grant will be offered to the next highest ranking Alternate who may choose to accept or pass on the grant. If HOPP has funds available, it will use them to augment any returned grants up to the amount that the next highest ranking Alternate is qualified for. Any Alternate who accepts an award will be deemed a grant Winner and will follow the Post Lottery Process described below. If a Local grant is returned and there are no Local Alternates who want the grant, the grant will be offered to the next highest Alternate in the Everybody Pool. Likewise, if an Everybody Grant is returned and there are no Everybody Alternates who want the grant, the grant will be offered to the next highest Alternate in the Local Pool.

For example, if someone chosen from the Everybody Pool with a 2-BR grant (\$60,000) is unable to complete a purchase, the highest ranking Alternate in the Everybody Pool would be offered the grant. If that Alternate qualified for a 2-BR unit, then they would receive the \$60,000 grant. If that Alternate qualified for a 1-BR, then they would receive a \$45,000 grant and \$15,000 would be held in reserve in case another grant is returned. If the Alternate qualified for a 3-BR unit, then they would be offered the \$60,000. Since the offer is less than they qualify for, they could decline the offer and retain their top ranking. Any unallocated program funds, however, may be applied at the discretion of the Housing Partnership to increase the \$60,000 grant up to the amount permitted by the program.

In addition to replacing Grant Winners who are unable to complete the purchase of a home, the Town will use the list of Alternates if funds sufficient to make at least one 1-BR grant award are made available to it from payments-in-lieu made pursuant to the Inclusionary Zoning Bylaw (IZB). The Town would choose from the next pool in the sequence. Any Alternate deemed a Grant Winner in this fashion will be required to comply with the post lottery process described below.

If new funding is made available from a source other than the IZB, the Alternate list will be abandoned and a new selection process will take place. Alternates are welcome to reapply for the new funding.

The lottery will be held on Marsh 27, 2008 at 7:00 p.m. at the Martinson Elementary School to select grant recipients.

Post Lottery Process

All Grant Winners are to provide full documentation of:

- Income from all sources (tax returns, W-2's, pay stubs, Social Security, pension, investment income, rental income, etc);
- Savings and assets;
- Size of household.

All Grant Winners are required to have successfully completed within the last two years a Homebuyer Education Workshop before they purchase a home.

Homeownership Education Workshops consist of approximately 8 hours of training over 2 to 4 sessions that provide a solid understanding of the entire homebuying process. While the program requires completion of a workshop for Grant Winners, everyone interested in buying a home is strongly encouraged to take one. If you have already completed a workshop within the last two years, you do not have to take it again, but you will need to submit a copy of your completion certificate with your post-lottery documentation.

South Shore Housing Development Corporation will hold a workshop in Marshfield. Date and time will be announced at the Informational Sessions. Other workshops are listed in Attachment 3. If you are unable to attend this Workshop, you may attend any program that has earned the Massachusetts Homeownership Collaborative Seal of Approval. Dates, times, and locations for upcoming sessions are included in Attachment 3 and can be found at www.chapa.org/housing_workshops2005.htm.

STEP 3 – COMMENCE YOUR HOUSING SEARCH

Grant Winners will be given 120 days from the date of the lottery to find and close on a home (subject to permitted extensions), or in the case of Alternates, from the date they are taken off the Alternate list and deemed a Grant Winner.

The maximum price allowed for each grant type is:

1BR Condo	\$165,000 sale price	(\$120,000 net price to you after the grant is used)
2BR Condo	\$196,000 sale price	(\$136,000 net price to you after the grant is used)
2BR House	\$229,000 sale price	(\$169,000 net price to you after the grant is used)
3BR Condo	\$235,000 sale price	(\$160,000 net price to you after the grant is used)
3BR House	\$262,500 sale price	(\$187,500 net price to you after the grant is used)

Grant winners may use a 1BR grant to purchase a 2BR if the 2BR unit is within the \$165,000 sale price/\$120,000 net maximum for a 1BR or a 2BR grant to purchase a 3BR if the 3BR unit is within the \$196,000 sale price/\$136,000 net maximum price for a 2BR.

As a grant winner you must be represented by an attorney. Your attorney will assist you with the legal work of the closing and will review and explain your deed rider to ensure that you understand its provisions.

Housing Quality and Home Inspections: The property must be in good repair as determined by the Marshfield Housing Partnership in its sole discretion based entirely on the following inspections and taking into account repairs undertaken by the seller. The property must be in compliance with Title 5 septic system requirements and the Massachusetts lead paint law, whether or not any children of any age are expected to live in the property. Additionally, grant winners must have the following property inspections:

- Home Inspection Report completed by a qualified Massachusetts-licensed inspector which addresses all the items normally covered in a standard home inspection report as defined in 266 CMR 6:00 Standards of Practice and additionally includes:
 - Inspection for wood boring insects *
 - Air quality testing for radon*
 - A check for the presence of any potentially hazardous material, i.e. asbestos, etc. *
 - A check for any indication of moisture damage and discoloration, i.e. mold, etc.*
 - A check for the presence of lead based paint if the property was constructed prior to 1978*
- HUD Housing Quality Standards (HQS) inspection carried out by the Marshfield Housing Authority.
- A current Title 5 septic system certification if property is not on Town sewer.
- Homes on public water supply: water quality testing, from an interior faucet, which meets HUD/FHA loan requirements by testing for Coliform, E. coli, lead, nitrate, nitrite and nitrate & nitrite*.
- Homes with private wells: water quality testing, from an interior faucet, which meets HUD/FHA loan requirements, as stated above and also is in compliance with the Town of Marshfield's Private Drinking Water Well Regulations*.
- The property shall be equipped with working smoke detectors and carbon monoxide detectors in accordance with M.G.L. 148 sect. 26E and 527 CMR 31.

* ***May require additional testing if the presence of any of the above hazards or hazardous chemicals are detected or water quality fails.***

Costs of Inspection: The Marshfield Housing Partnership will assist grant winners with the cost of inspections in the following manner:

- Housing Quality Standards (HQS) paid for by the Housing Partnership.
- Home Inspection Report will be paid for by the grant winner, provided that the property is determined by the Housing Partnership to be approved to receive a HOPP grant. Should the property be determined by the Housing Partnership as not approved to receive a HOPP grant, the grant winner will be reimbursed by the Housing Partnership for the home inspection.
- Additional testing, beyond the home inspection, will be reimbursed by the Housing Partnership in the following manner: Twenty-five percent (25%) of the cost of the required testing up to a maximum of \$1,000. The grant winner will be required to pay the remaining balance of the cost of the required additional testing**.

- Water quality testing from an interior faucet for homes on both the public water supply and on private wells will be paid for by the Housing Partnership**.

**** *If the property is not approved by the Housing Partnership to receive a HOPP grant, the Housing Partnership will not pay for or reimburse the grant winner for any Home Inspection Report or additional testing that may be required at any other property the grant winner may wish to consider. The Housing Partnership will not pay for or reimburse the grant winner for any repairs required to be made to the property as a result of any inspection performed, nor will the Housing Partnership pay for the costs of smoke or carbon monoxide detectors required to be installed.***

Inspection Schedule: Inspections will be scheduled in the following sequence to help reduce the cost to both the grant winner and the Housing Partnership:

- Housing Quality Inspection (HQS)
- Water quality testing
- Home Inspection
- Additional testing, if required

All inspections shall be completed within three weeks after the acceptance by the seller of an Offer to Purchase Real Estate.

Documentation for Condominium Units: Grant winners seeking to purchase a condominium unit must provide a copy the following documents which can be obtained from either the seller or the condominium association:

- A copy of the condominium association's condominium declaration, by-laws and regulations
- Financial reports of the condominium association and its reserve fund including:
 - Current condominium fee
 - Current special assessment, if any
 - Balance sheet
 - Statement of income and expenses
 - Condominium association's annual budget
 - Disclosure of any anticipated increase in contributions beyond inflation
- Copy of the condominium association's reserve fund plan
- Disclosure of any judgments against the condominium association
- Disclosure of any pending law suits or other legal proceedings against the condominium association

The Housing Partnership may deny approval of a grant if, in its discretion, the condominium complex is determined to be financially unstable, has current or proposed law suits against it that would result in it becoming financially unstable or its special assessments, proposed or likely special assessments would result in the unit becoming unaffordable to the buyer.

The Housing Partnership will reimburse the buyer for the inspections when a grant is denied as a result of a determination that the condominium complex is or likely to become financially unstable or that special assessments will result in the unit becoming non-affordable for a LIP qualified buyer.

For questions or additional information regarding the **MARSHFIELD - HOUSING OPPORTUNITY PURCHASE PROGRAM**, please contact:

Marshfield Housing Coordinator
Telephone: 781-834-1051